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S E C R E T SECTION 01 OF 03 ABUJA 001270

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DOE FOR GEORGE PERSON

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TAGS: EPET PGOV ENRG MOPS ASEC NI  
SUBJECT: NIGERIA: AMBASSADOR MEETS WITH SHELL AND EXXON  
EXECUTIVES

REF: ABUJA 1184

Classified By: Political Counselor Walter Pflaumer for reasons 1.4. (b  
& d).

¶1. (S//NF) SUMMARY: Ambassador met with Shell Executive Vice President Anne Pickard June 25. Pickard described in detail the June 19 militant attack on the Bonga platform (see reftel), and claimed there was likely internal collusion in the attack; that members of the National Assembly accused Shell of not doing enough to protect itself from the attack; that members of President Yar'Adua's administration knowingly feed him false information concerning the true state of Nigeria's oil industry; and that Shell oil output at Bonga should be back up to pre-attack production levels by June 26 or 27. (Note: Septel will report on a new attack affecting Shell which took place on weekend of June 28-29, following Pickard's meeting with Ambassador. End note.) Ambassador ensured that Shell's security representative also briefed the RSO. On June 26, Ambassador met with Exxon-Mobil Nigeria Chairman and Managing Director John P. Chaplin. Chaplin related to Ambassador Exxon's top priorities for her to convey to President Yar'Adua at the next opportunity. Both executives portrayed an industry whose Nigerian government partner is at best inefficient and inept, and at worst antagonistic and systematically corrupt, listing incompetence, GON lack of Joint Venture funding, and sanctity of contracts as major issues. END SUMMARY.

The Bonga Attack

¶2. (S) On June 25, Ambassador met with Shell Executive Vice President for Africa Anne Pickard, who opened the meeting by describing details of the June 19 Bonga platform attack. Using ship-based radar, Shell staff realized there was an impending attack at around midnight, June 19, giving Bonga about two hours' warning before the militants arrived, allowing for ample time to go into security lockdown. Militants attempted to gain access to the platform for around four hours, she said, hitting living quarters with machine gun and small arms fire and using a blowtorch to successfully penetrate every security door except the last one, which would have given them access to the entire Bonga operation. Able to monitor attackers' communications up until the last minute before the attack, Shell personnel overheard that the attack on living quarters was a deliberate effort at terrorizing Shell's workers. Attackers used three speedboats

to approach the vessel, Pickard reported, and another three stood off, apparently to provide back-up and fueling. Bonga called the Nigerian Navy for help at 0230, but a Nigerian Navy vessel did not arrive until 1930 that evening, and upon arrival needed to be provided with both food and fuel. The Shell executive also noted that the Navy provides Bonga with almost no protection, having visited only three times since January. She guessed that the militants may have had an inside source on the platform's security arrangements, as had happened in attacks on platforms belonging to other international oil companies (IOCs). She was also concerned that the militants will have gained additional valuable intelligence from penetrating as far as they did this time; Shell is reviewing its security posture.

¶3. (S) Pickard reported that Shell's Niger Delta-wide intelligence sources, which she described as very good, informed them that the speedboats used in the attack were loaned to militants by Bayelsa State Governor Timipre Sylva, ostensibly to be used for the protection of the Pennington River. Upon hearing of their use in the Bonga incident, however, Sylva apparently was extremely upset, and dispatched his aides to secure the release of an Amcit kidnapping victim taken from a Tidewater vessel in a separate incident (reftel). In response to Ambassador's question about whether a larger vessel was involved to assist the speed boats, Pickard said no, as Shell was very familiar with the new line of boats and thought they did not need a mother ship as an intermediary transport to carry out the attack.

The National Assembly

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¶4. (C) Pickard said that in a later appearance before members of the National Assembly two days later, some Nigerian Representatives accused Shell of not performing due diligence to prevent the attack, and suggested that if Shell could not provide adequate security for its facilities and equipment, then perhaps it should not be allowed to operate. (Note: Pickard surmised that National Assembly members were referring to the practice of some other IOCs -- like Chevron and Agip -- of bringing Nigerian soldiers on board their vessels to provide protection, a practice Shell eschews because of the possibility of being accused of collusion in any human rights abuses that might subsequently occur. She added that, given the circumstances, Shell may reconsider its stance. End note.) Pickard said that Assembly members in her meeting also accused the USG and UK of worsening the Niger Delta crisis by "their conversations with the militants." Ambassador assured Pickard that this was not the case and the reference may have referred to communication of some sort that we understand may have involved the Carter Center. Pickard asked for the Embassy's help in reminding the GON that security in the region is first and foremost its responsibility, and not that of Shell or the other IOCs.

Misinforming the President

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¶5. (S//NF) Pickard claimed that President Yar'Adua is deliberately fed misinformation by individuals in his administration seeking to protect their own positions. After the May 15 announcement that Angola had surpassed Nigeria as the continent's largest oil producer, Yar'Adua called Engineer A. L. Yar'Adua (no relation to the President), head of the Nigerian National Petroleum Corporation, with whom Pickard was meeting at the time. She listened incredulously as Engineer Yar'Adua assured the President that Nigeria still outproduced Angola, with a total output of 3.4 million bpd; after the phone call ended, he openly admitted to Pickard that he had added in gas figures so as to ensure a larger total than Angola's reported petroleum output, intentionally misleading the President. (Note: Nigeria's current oil production hovers around two million bpd when there is

respite from the too-frequent militant attacks on production operations; of late reports are that it is down to around 1.8 million bpd. End note.)

Exxon's Wish List

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16. (C) On June 26, Ambassador met with Exxon-Mobil Nigeria Chairman and Managing Director John P. Chaplin to hear his challenges in the current tense (more so than usual) IOC-GON relationship. When asked what Exxon's top priorities in Nigeria were for changes in GON policies and practices, Chaplin responded with the following four items: 1) protecting the sanctity of contracts; 2) gaining confidence in funding by GON in Joint Venture oil production institutions for the medium term; 3) ensuring security, against both militants and criminals/pirates; and 4) providing reliable electrical power -- specifically, a resolution of the GON's debate over whether power should be publicly or commercially provided. Ambassador assured him she would take his views into account in preparing her key points for her next meeting with President Yar'Adua.

17. (C) COMMENT: A main theme from both meetings is the lack of responsibility taken by the GON at all levels for insecurity in the Niger Delta region and the problems with oil production in Nigeria. GON officials readily shift the blame for militant attacks onto the oil companies themselves, are unwilling to tell their own top officials the truth, particularly the President, and the GON leadership gives indifferent support to agencies (e.g. the Nigerian Navy) tasked with improving security -- which are themselves riddled with corruption. All of this is capped off by the various moribund regional and Niger Delta security initiatives which the GON either sponsors or is supposed to

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be a major player in, from the planned Niger Delta Summit scheduled for July 2008 to the Gulf of Guinea Commission to the Gulf of Guinea Energy Security Strategy. For now, the GON is hamstrung by its own lack of capacity and political will to work toward any positive change, and oil production will continue to suffer as a result. END COMMENT.

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